

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR AN INCREASE IN ITS NATURAL GAS) PSC DOCKET NO. 07-186
GAS RATES AND SERVICES AND FOR)
CERTAIN OTHER CHANGES TO ITS NATURAL)
GAS TARIFF (OPENED JULY 6, 2007))

ORDER NO. 7255

AND NOW, to-wit, this 21st day of August, 2007:

WHEREAS, the Delaware Division of Chesapeake Utilities Corporation ("Chesapeake" or "the Company"), having, on July 6, 2007, filed with this Commission an application for an increase in natural gas rates of approximately \$1,895,668 (3.25% of existing revenues) over the natural gas customers' total current delivery service rates based on the test period billing statistics for the twelve month-period ending March 31, 2007 and other proposed changes to its currently effective tariff; and

WHEREAS, the Commission in PSC Order No. 7232 (July 24, 2007), having reviewed the application for increased rates, and having determined that such proposed rate changes and accompanying tariff changes should, pursuant to the authority granted to the Commission by 26 Del. C. § 306(a)(1), be suspended pending further proceedings and a final decision of the Commission; and

WHEREAS, the Company having, on July 31, 2007, filed an additional request that the Commission review its proposal to place in effect temporary rates under bond as permitted by 26 Del. C. § 306(c)

and the Company having further submitted revised tariff leaves that establish rates as permitted by 26 Del. C. § 306(c) to enable the Company to collect under bond, and subject to refund, a revenue increase of approximately \$908,123 during the five-month period ending January 31, 2008,¹ which does not exceed the lesser of 15% of the public utility's annual gross intrastate operating revenues or \$2,500,000; and

WHEREAS, the Company having further filed a proposed Rate Refunding Bond to be set at \$908,123, without surety, designed to refund any excess revenues collected by the Company under bond, if the rates so put into effect are finally determined to be excessive; and

WHEREAS, the Company filed a revision to the proposed interim rates on August 16, 2007 to reflect the effect of an associated pro forma final customer and billing adjustment as set forth in Exhibit "A" attached hereto; and

WHEREAS, the Commission having reviewed the request of Chesapeake to put rates into effect under bond and the supporting information demonstrating that the proposed increases are within the limitations established by 26 Del. C. § 306(c) and otherwise comply therewith for the collection of rates under bond;

Now, therefore, **IT IS ORDERED:**

1. That the Commission finds, pursuant to 26 Del. C. § 306(c), that the Delaware Division of Chesapeake Utilities Corporation has the statutory right, on and after the expiration of sixty (60) days from

¹Under Section 306(b), the Commission's review of Chesapeake Utilities Corporation's July 6, 2007 filing is anticipated to be completed by

the filing of its rate increase application, to place into effect temporary rates, subject to refund, so long as such temporary rates do not exceed the lesser of fifteen percent (15%) of Chesapeake Utilities Corporation's annual gross intrastate operating revenues or Two and a Half Million Dollars (\$2,500,000), and provided that the Commission approves as reasonable the amount of the bond and the surety thereon.

2. That the Commission hereby approves as reasonable the filed Rate Refunding Bond in the principal amount of Nine Hundred Eight Thousand One Hundred Twenty-Three (\$908,123), and further waives the requirement for a surety on such rate refunding bond to further guarantee the repayment of the interim rates collected pursuant to 26 Del. C. § 306(c).

3. That the proposed temporary rates set forth above in the tariff leaves filed by the Delaware Division of Chesapeake Utilities Corporation on August 16, 2007, and attached hereto as Exhibit "A," are reasonably designed to produce, on an annual basis, less than Two and a Half Million Dollars (\$2,500,000) and less than fifteen percent (15%) of the gross annual intrastate operating revenues of the Delaware Division of Chesapeake Utilities Corporation and may, therefore, be placed into effect on September 4, 2007, under 26 Del. C. § 306(c), subject to any refund as the Commission may hereafter order.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in the matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

RATE SCHEDULE "RS"

RESIDENTIAL SERVICE

AVAILABILITY

This rate schedule is available to any individually metered customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$10.710 per month
First 20 Ccf \$0.690 per Ccf	
Next 30 Ccf \$0.475 per Ccf	
Over 50 Ccf \$0.200 per Ccf	

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "RS" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: August 16, 2007
Effective Date: For Service Rendered on and after September 4, 2007
Authorization:

RATE SCHEDULE "GS"

GENERAL SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption of less than 4,000 Ccf. The Company will annually review those customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. This annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$19.540 per month
First 20 Ccf	\$0.750 per Ccf
Next 30 Ccf	\$0.505 per Ccf
Over 50 Ccf	\$0.225 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GS" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

Issue Date: August 16, 2007

Effective Date: For Service Rendered on and after September 4, 2007

Authorization:

RATE SCHEDULE "MVS"

MEDIUM VOLUME SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 4,000 Ccf and less than 15,000 Ccf. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to this rate schedule with annual consumption equal to or greater than 4,400 Ccf. A Customer on this rate schedule will be moved to General Service with annual consumption less than 3,600 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$45.500 per month
First 200 Ccf	\$0.360 per Ccf
Over 200 Ccf	\$0.161 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

Issue Date: August 16, 2007
Effective Date: For Service Rendered on and after September 4, 2007
Authorization:

RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 15,000 Ccf. The Company will annually review those customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on Medium Volume Service will be moved to this rate schedule with annual consumption equal to or greater than 16,500 Ccf. A Customer on this rate schedule will be moved to Medium Volume Service with annual consumption less than 13,500 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer charge:	\$67.500 per month
First 1000 Ccf	\$0.416 per Ccf
Over 1000 Ccf	\$0.105 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Firm Balancing Service Rate:	\$0.039 per Ccf of gas consumed
------------------------------	---------------------------------

Issue Date: August 16, 2007
Effective Date: For Service Rendered on and after September 4, 2007
Authorization:

RATE SCHEDULE "HLFS"

HIGH LOAD FACTOR SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the customer must use natural gas in at least eleven of the twelve months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this rate schedule as long as winter months consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption or winter months consumption other than after the annual review.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$45.600 per month
All gas consumed	\$0.115 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Issue Date:	August 16, 2007
Effective Date:	For Service Rendered on and after September 4, 2007
Authorization:	

RATE SCHEDULE "GLR"

GAS LIGHTING SERVICE

AVAILABILITY

This rate schedule is available for unmetered residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the customer's location applies to all customers served under this rate schedule.

Each 2 cu. ft./hr. or less \$13.00 per month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GLR" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: August 16, 2007
Effective Date: For Service Rendered on and after September 4, 2007
Authorization:

RATE SCHEDULE "GLO"

GAS LIGHTING SERVICE

AVAILABILITY

This rate schedule is available for unmetered outdoor gas lights for other than residential use as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the customer's location applies to all customers served under this rate schedule.

Each 2 cu. ft./hr. or less \$13.00 per month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GLO" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: August 16, 2007

Effective Date: For Service Rendered on and after September 4, 2007

Authorization:

RATE SCHEDULE "SFS"

SEASONAL FIRM SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service and the customer uses natural gas solely during the months of April through November. If a customer served on this rate schedule uses any natural gas during the calendar months of December through March (restricted period), the customer will be shifted to another appropriate rate schedule and pay the penalty set forth below. The Company will annually review those customers receiving service under this rate schedule in order to determine if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service. The annual review process will be based on the twelve months ended August.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$67.500 per month
All gas consumed:	\$0.123 per Ccf

Penalty for use during restricted period:	\$0.30 per Ccf for consumption during the previous six months.
---	--

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "SFS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Issue Date:	August 16, 2007
Effective Date:	For Service Rendered on and after September 4, 2007
Authorization:	